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Turks and Caicos Islands

Working paper prepared by the Secretariat

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I. General

1. The Turks and Caicos Islands[1] is a 417 square kilometre multi-island territory. It is the largest of the British dependent territories in the Caribbean, comprising 40 islands and cays. The capital of Turks and Caicos is Cockburn Town on Grand Turk Island. The islands are sparsely inhabited. The total population of the Territory in 1995 was 15,000, and the population density is approximately 34 persons per square kilometre. Most of the population resides on the two principal islands, Grand Turk, which is the administrative capital, and Providenciales, which is the business centre of the islands. Other populated islands are South Caicos, with 10.5 per cent of the total population; North Caicos, with 11.1 per cent; Middle Caicos, with 2.3 per cent; and Salt Cay, with 1.8 per cent of the population.[2]

2. Further information on the geographical features of the Territory is contained in a previous working paper prepared by the Secretariat (A/AC.109/2015, paras. 1 and 2).

II. Constitutional and political developments

3. Under the provisions of the 1976 Constitution amended in 1988, executive power is vested in the Governor, appointed by the Queen. The Constitution also provides for an Executive Council and a Legislative Council. The Governor is responsible for foreign affairs, internal security, defence and the appointment of public officers. The Executive Council consists of the Governor, six elected members of the Legislative Council and two official members (Chief Secretary and Attorney General). The Legislative Council consists of 19 members. There are 13 representatives elected by popular vote, 3 appointed by the Governor and 3 ex-officio members of the Executive Council. Elections were held in January 1995; the next elections are scheduled for 1999. The main political parties are the People's Democratic Movement, the ruling party, and the Progressive National Party.

4. In September 1996, Governor Martin Bourke finished his term and returned to the United Kingdom of Great Britain and Northern Ireland, thus ending the controversy that had led to a unanimous demand on the part of the ruling and opposition parties of the Territory addressed to the administering Power to recall him (for details, see A/AC.109/2051, para. 3). Further information on constitutional and political developments in the Territory is contained in previous working papers prepared by the Secretariat (A/AC.109/1185, paras. 3, 4 and 7-9, and A/AC.109/2051, paras. 3 and 5).

III. Economic conditions

A. General

5. Economic growth in the islands averaged 5 per cent over the five-year period from 1990 to 1995. With heightened investment interest in the Turks and Caicos Islands, it is expected that this level of growth will continue for the foreseeable future.

6. In 1996 the economy grew at a 4 per cent rate with gross domestic product (GDP) at $102.5 million, an increase from $96 million in 1995, while the GDP per capita increased to $6,923 from $6,415 in 1995. The current period of favourable economic growth in the Turks and Caicos Islands is, however, mainly a result of expansion in the service sector (tourism and offshore finance). The ascendancy of this sector represents a structural shift in the economy of the Turks and Caicos Islands. The salt mining and fishing industries, hitherto the key economic sectors, are now in decline. The increasing emphasis on the service sector has its drawbacks. In the case of tourism, the principal industry being developed, the competitive nature of the global market and its dependence on growth in developed countries has made the Turks and Caicos Islands vulnerable to fluctuations in the international economy. Competitiveness in the tourism sector also requires expansion of the Territory's infrastructure and "tourism plant capacity", increasing pressure upon the islands' natural environment.[3] The Territory's economy still ranks among the fastest growing economies in the Caribbean.

B. Public finance

7. In addition to attracting offshore investors as a means of stimulating private sector activity, the Government has embarked on an aggressive programme to strengthen financial management in the public sector, improve productivity of the civil service, reduce the rate of growth in government spending, improve the efficiency of State-owned corporations and enhance revenue collection efforts.

8. Recurrent revenue increased by over 50 per cent between 1990 and 1995, from $22 million to $37 million. Although public sector recurrent expenditure increased from $25 million to $34 million over the same period, the Government realized some surplus revenue towards the end

of the period. According to information provided by the administering Power, government revenues during 1995/96 amounted to $37.3 million, and expenditures totalled $34.8 million, providing government finances with a surplus of $2.5 million. Revenues for 1996/97 were forecast at $38.9 million, while expenditures were estimated at $36.6 million. Expenditures included a contribution to the Development Fund of $2.3 million, in addition to the $300,000 contribution that had been budgeted originally.

9. The Government's capital budget estimates form the basis of the public sector investment programme, which is financed through the Development Fund. The Fund was established for the purpose of receiving such monies as may be appropriated annually from the Consolidated Fund, together with other monies received from external donors.

10. External donors include the Government of the United Kingdom, for which funds are administered through the Dependent Territories Regional Secretariat, the Caribbean Development Bank, the European Union and the United Nations Development Programme (UNDP). Much of this support has been in the form of grants and concessional loans for the implementation of development projects and technical cooperation aimed at strengthening the human resource base of the country.

C. Public service

11. According to information provided by the administering Power, the Government continued its policy of providing job opportunities as public sector spending grew in line with the economy. Particular areas of its attention were law and order, education and health. In 1994/95, there was a total of 1,139 posts in the public service, which increased by 5 per cent, to 1,199, in 1996/97.[4]

D. Offshore financial services

12. General information on the Territory's offshore financial services industry is contained in the previous working paper prepared by the Secretariat (A/AC.109/2051, paras. 12 and 13).

13. The offshore business sector had a total of 14,401 companies registered as of 31 December 1995, with some 11,392 companies doing business outside the Territory. The number of new companies registering in the fiscal year from April 1996 to March 1997 rose by 18 per cent from the previous year, to 3,376.[5]

14. Among the attractions for offshore companies are the use of the United States dollar as the official currency, the absence of direct taxation, a growing financial infrastructure, fast and straightforward company registration procedures, extensive financial freedom and confidentiality.

E. Agriculture and fisheries

15. General information on agriculture in the Territory is contained in the previous working paper prepared by the Secretariat (A/AC.109/2051, para. 15).

16. Agricultural production is small and currently concentrated in North Caicos. The sector has begun to grow in the past year, with more produce available for sale in Providenciales and the establishment of a new farmers cooperative. Two hydroponic gardens have been started in Providenciales. Belize Holding Inc. operates a rice mill, processing rice from Belize, Guyana and Surname for duty-free export to the European Union.[6]

17. Fishing is a traditional activity and the only productive sector. Conch and lobster are the main catches and there is a conch farm. In 1996, economic activity in the sector benefited from high international prices for fish products, but there was a decline in production mainly as a result of overfishing and the imposition of a quota on conch exports to the United States, the Territory's main trading partner. The Turks and Caicos Islands is home to the world's only commercial conch farm, raising domestic conch for export. The firm, Caicos Conch Farm, has been conducting research for the past decade and was at almost full commercial activity at the end of 1996. Several other fish farms are being developed on an experimental basis to produce tilapia for international markets.[6]

F. Tourism

18. General information on tourism in the Territory is contained in the previous working paper prepared by the Secretariat (A/AC.109/2051, paras. 18-21).

19. In 1996, the Turks and Caicos Islands remained the fastest-growing destination in the Caribbean, with the total number of visitors topping 87,000, some 11.1 per cent above the level recorded in 1995. Tourism from North America (representing almost 70 per cent of visitors) remained strong, and promotional activities in Europe resulted in rapid growth from that market. In the first quarter of 1997 visitor arrivals were up by 19 per cent, fuelled in large part by the growing

diving market. The total number of arrivals exceeded 100,000 in 1997.[5]

20. The expansion of the hotel industry continued. Sandals International initiated a major $15 million expansion in 1997, with further expansion contemplated for 1998. A new Comfort Suites hotel with 100 rooms was added in 1997, and phase II of the project is expected to begin within a year. Additional construction has commenced on a number of condominium hotels and new resorts that are expected to more than double the number of rooms on Providenciales to over 3,000.[5]

21. The territorial Government began construction of a new airport terminal in Providenciales in 1997, with the first phase, worth $3.3 million, to be completed by the end of 1997 and the remainder of the redevelopment to be finished prior to the start of the 1998/99 travel season.[5]

22. During 1997 Canadian-owned company Pagebrook TCI Ltd. entered into an option agreement with the Turks and Caicos Government and the British Government to establish a cruise port facility and resort town on a 7,000 acre site in East Caicos. Included in the development plans are six resort hotels, casinos and associated condominiums, a commercial port and duty-free trans-shipment area, a wide range of retail shops and commercial services and an 18-hole golf course. The agreement also provides for the redevelopment of the airport on the adjacent island of South Caicos to accommodate wide-body aircraft to service the Caicos cruise port and resort and a causeway linking East and South Caicos.[5]

IV. Social conditions

A. General

23. The expansion in the tourism and offshore finance sector has resulted in favourable economic growth, but activities in that area are concentrated almost totally on one island, Providenciales. Thus economic opportunities are not equally distributed among the islands. Unemployment varies between 14 and 20 per cent on the other islands, while Providenciales boasts almost full employment. Inter-island migration is common, particularly migration to Grand Turk, the capital. A number of social problems such as overcrowding, housing shortages and an increase in the number of female-headed households have resulted from this skewed pattern of development.[7] Information on social conditions in the Territory is contained in previous working papers prepared by the Secretariat (see A/AC.109/1185, paras. 57-72, and A/AC.109/2015, paras. 28-32).

B. Education

24. Education in the Territory is free and compulsory for children between 5 and 16 years of age. There are 14 government-run primary schools and 4 government-run secondary schools. The adult literacy rate is 98 per cent.[5] The pupil-teacher ratio averages 25:1. The overall goal of the sector is to prepare the population for employment opportunities that will arise as the pace of development increases.[8] According to information provided by the administering Power, the Government of the Territory continues to work towards improving the education sector, with concentration on staff training and a successful drug awareness programme sponsored by the United Nations International Drug Control Programme. Changing enrolment patterns, in particular the growth in the number of students on Providenciales, remains a key concern of the education sector. Following the expansion of Clement Howell High School and the Ianthe Pratt and Oseta Jolly primary schools on Providenciales, a study was commissioned to identify rehabilitation and expansion requirements at other schools in the islands. The territorial Government intends to secure donor financing to fund those infrastructure improvements.

25. Total student enrolment at the community college in 1995/96 was up by 40 per cent, and the college continues to introduce additional subjects to its programme.

C. Health

26. Basic health care is available on the islands through a network of primary health care clinics and one hospital, which is located in Grand Turk, the capital island. The Government has sought to address infrastructure needs, especially on the island of Providenciales, which has a high population growth rate.[8]

27. According to information provided by the administering Power, the organizational capacity of the Territory's health services has been strengthened. Arrangements were made with the community college to run a locally based health science course from September 1996, a course previously available only in Barbados and Jamaica. The 1996/97 budget provides for additional medical staff at the Myrtle Rigby health complex on Providenciales and sufficient resources to fully open and operate the facility,

which will have 10 beds, a delivery room and an operating theatre.

V. Participation in international organizations and arrangements

28. Information on the Territory's participation in international organizations and arrangements is contained in previous working papers prepared by the Secretariat (A/AC.109/2015, paras. 33-35, and A/AC.109/2051, para. 25).

29. UNDP assistance under a fifth cycle country programme (1992-1996) to the Caribbean dependent Territories, which includes the Turks and Caicos Islands, had as its principal focus the provision of support for human resource development, capacity-building, institutional strengthening and environment and natural resources management. An extension of one year (January to December 1997) of the fifth cycle country programme was approved by the Executive Board of UNDP at its third session in 1997.

30. In the Turks and Caicos Islands, technical cooperation has been largely aimed at direct interventions with a view to laying the basis for meaningful economic development. In that connection, assistance was granted for the establishment of an investment agency, the creation of a national insurance scheme and the improvement of customs administration and tertiary level education. In the current cycle, support is envisaged in two broad areas: preparation of an integrated development plan and sustainable livelihoods and employment creation through assistance linking agriculture and small enterprise development with tourism.

VI. Future status of the Territory

31. Regarding the position of the administering Power, on 4 February 1998 the Secretary for Foreign and Commonwealth Affairs, Mr. Robin Cook, in a speech before the Dependent Territories Association in London, announced that in his first months as Foreign Secretary he had set in motion a review of the United Kingdom's stewardship of the Dependent Territories. A summary of the principles and key issues contained in the proposal to "modernize" the United Kingdom's relations with the Territories is contained in document A/AC.109/2102, paragraphs 70-81. For statements made during the fifty-second session of the General Assembly, see document A/C.4/52/SR.6, paragraphs 79-85.

32. On 10 December 1997, the General Assembly adopted resolution 52/77 B, a consolidated resolution on 12 Non-Self-Governing Territories, section XI of which is specifically devoted to the Turks and Caicos Islands.

Notes

[1] The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 *e* of the Charter of the United Nations on 30 March 1998.

[2] *UNDP: Country cooperation framework and related matters: First country cooperation framework for the Turks and Caicos Islands (1998-2002)* (DP/CCF/TCI/1), para. 3.

[3] Ibid., paragraphs 5 and 7.

[4] Statement on the 1996/97 budget by Mr. Derek H. Taylor, Chief Minister of Finance, on 29 July 1996, a copy of which was provided to the Secretariat by the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations.

[5] *1998 Caribbean Basin Profile*, p. 427.

[6] Ibid., p. 426.

[7] *UNDP: Country cooperation framework and related matters: First country cooperation framework for the Turks and Caicos Islands (1998-2002)* (DP/CCF/TCI/1), para. 6.

[8] Ibid., para. 8.